



Testimony from STATE SENATOR

LIZ KRUEGER

New York State Senate • 26th District

TESTIMONY OF STATE SENATOR LIZ KRUEGER
BEFORE THE NEW YORK CITY COUNCIL'S HOUSING & BUILDINGS COMMITTEE
REGARDING INTRO 534 & ILLEGAL HOTELS
DECEMBER 3, 2007

My name is Liz Krueger and I represent the 26th Senate District, which includes the East Side and Midtown areas of Manhattan. I also serve as the Ranking member of the NYS Senate's Committee on Housing, Construction and Community Development. I want to thank Chairperson Dilan and the members of the Housing and Buildings committee for providing me with the opportunity to testify on this critical piece of legislation, Intro 534, which significantly increases the fines for illegal conversions of permanent residential buildings to illegal transient hotels. I have been working through a task force of City and State legislators, and City and State agency representatives to understand the complex and expanding issues of illegal hotel usage within residential buildings. Based on our work, I believe that the bill before you today, introduced by our colleague Council Member Gale Brewer, is a critical and necessary first step within a larger legislative agenda needed to address the growing issue of illegal hotel use and to preserve permanent residential affordable housing for thousands of tenants across the City.

The problem of residential buildings being illegally converted into transient hotels and short-term rentals largely catering to tourists has become a serious issue in numerous buildings across my district over the last several years. We now regularly receive complaints from constituents. Tenants are understandably upset that their homes, where many of them have lived for many years, are suddenly being "turned into commercial hotels" leading to numerous troubling conditions, quality of life issues and the typical problems associated with illegal conversion and improper use of residential spaces. These constituents rightly complain about the negative effects on them and their ability to live peacefully in their homes due to decreases in building services due to increased usage by tourists and short-term guests, security concerns because of the high turnover of guests particularly in the buildings that are being used on a daily and weekly basis. Due to the fact that the owners and operators of these buildings are acting contrary to their Certificates of Occupancy, there are also legitimate fire safety concerns because these residential buildings do not meet the same fire safety standards that are required for licensed transient and commercial hotels. One of the largest concerns is the negative effect these illegal hotels have on affordable housing in communities throughout Manhattan. The majority of these buildings have large numbers of rent regulated units which are being used as illegal hotel rooms and because they are so profitable, often much more so than renting to permanent regulated tenants, owners often attempt to harass tenants out of their homes to get the apartments vacant.

Illegal hotel use is also a common practice in buildings that are converting to cooperatives and condominiums, so we are also seeing large numbers of market-rate tenants being forced out as well. A related egregious abuse by owners of these illegal hotels is that some of these buildings are receiving government tax subsidies such as 421-a and J-51 tax abatements or Liberty Bonds which are supposed to be used to promote permanent, residential affordable housing yet use many of the units in these buildings as illegal hotel rooms instead. The owners are essentially

utilizing taxpayer money to further illegal activities to maximize their profits. These illegal hotels also serve to undermine New York City's legitimate hotel industry because these operators, by skirting the costs of legitimate hotels, can underprice these facilities. Through frequent misrepresentation (via internet advertising) and poor quality, when tourists have bad experiences in these illegal facilities the City of New York's international reputation as a tourist and business destination is harmed.

To combat this problem a number of my colleagues at both the State and City level called on the city to form an Illegal Hotels Task Force to work on this issue and one of the first recommendations coming out of the task force's discussions was the need for substantial increases in the fines for these illegal practices. As a result of our work, enforcement has been increased and the recently created Mayor's Office of Special Enforcement has done excellent work even with the limitations in its resources and the ambiguities in the various City and State laws related to this issue.

It also became clear from these task force discussions that the current fine structure and associated penalties for illegal hotel activities were so minimal that they just became the cost of doing business. One of the most important aspects of any effective enforcement are the fine and penalty mechanisms. Owners and management companies that violate these provisions need to face much stiffer penalties than those which currently exist through the Environmental Control Board (ECB). Council Intro 534 amends Section 26-126 of the Administrative Code and would substantially increase the fines whose maximum is now only \$800 for an entire building, no matter how many units are actually being used in this manner. The fine ranges under this proposed law -- which would escalate for each offense within an eighteen month period, from \$1,000 - \$5,000 for a first offense, \$2,500 - \$15,000 for a second offense, and \$10,000 - \$20,000 for a third offense -- are enough to truly discourage operators of this illegal business. In addition, the daily additional penalties of \$300 - \$400 per unit, per day are one of the most critical components of this bill because they will provide significant financial disincentives for owners. They are large enough to cut into the profits of these illegal hotel operators. Further, the escalating nature of these penalties will send a strong message that government is concerned and committed to enforcing the law and safeguarding New York City's critical housing stock. Another provision of the bill that will help to insure that once these units have stopped being used as hotel rooms and returned to permanent housing is that the burden will shift to the owner to prove that a unit is no longer being used as a transient or short-term stay hotel room. This legislation also clearly states that owners will have to demonstrate the unit was returned to permanent residential housing in compliance with its Certificate of Occupancy.

**Statement of Shari C. Hyman
Office of Special Enforcement
Office of the Criminal Justice Coordinator
New York City Council
Committee on Housing and Buildings
December 3, 2007**

Good morning, Chairman Dilan and members of the Committee on Housing and Buildings. My name is Shari Hyman and I am the Director of the Mayor's Office of Special Enforcement. Thank you for the opportunity to be heard today.

In November 2006, the Mayor created the Office of Special Enforcement (OSE) by expanding the former Office of Midtown Enforcement. OSE was given expanded, citywide jurisdiction to enhance and coordinate enforcement efforts across City agencies in order to address quality of life issues in all five boroughs, including the illegal conversion of residential buildings into hotels. The proliferation of these illegal conversions was first brought to the attention of the Administration in April 2006 by the Illegal Hotels Working Group, whose members include many of the sponsors of this bill, including Council members Brewer, Mendez, Garodnick, Dickens, and Gerson, as well as Senators Kruger and Duane, and Assembly members Gottfried, Rosenthal, and Glick.

Beginning in the fall of 2006, OSE began handling complaints regarding illegal hotels as part of the City's enhanced enforcement strategy in an effort to facilitate an effective response to this emerging problem. OSE works in partnership with DOB by investigating complaints of illegal conversions and issuing DOB violations and Environmental Control Board (ECB) Notices of Violation (NOV). OSE also issues Fire Department and Department of Health violations, where appropriate. When an ECB NOV is issued, we refer these cases to the DOB Administrative Enforcement Unit for prosecution. This partnership with DOB has been very effective and has allowed us to investigate allegations of illegal conversions and take prompt remedial action.

The problem of residential buildings being improperly used as hotels is of significant concern to the Administration and we have taken an aggressive stance against them. Converting residential units for use by transient guests creates serious problems for permanent residents. When housing designated for permanent occupancy is illegally converted into a hotel, the limited supply of available housing – particularly rent-regulated and low-income housing – is diminished, unsafe conditions are created, services intended for permanent residents are diverted to transient guests, and the character of residential neighborhoods is harmed. Between October 2006 and November 2007, OSE received complaints of illegal hotels at 82 locations via 311, conducted over 50 inspections at 41 locations, and issued hundreds of violations, including ECB NOVs.

Despite the success of our enforcement efforts at identifying violations, aggressive enforcement of the existing laws will not adequately address the problem. To fix the problems caused by illegal hotels and improve the quality of life in traditional residential apartment buildings, while also meeting the needs of visitors, the current legal framework needs to be re-

envisioned. The Administration has been working with City and State officials to develop a solution and will continue to do so. I appreciate the opportunity today to focus on this topic and Intro 534.

Intro 534 is an important first step in addressing the issue of illegal hotels. Under current law, the penalties for improperly using residential buildings as hotels do not even amount to a slap on the wrist. For example, a recent decision by the Environmental Control Board determined that the owner of the building located at 160 Bleecker Street had violated the law by using a residential building as an illegal hotel. OSE received complaints that 60 units in this building were being rented as short-term hotel rooms; however, the penalty faced by the landlord for this violation was only \$1,000, which is less than 25% of what the hotel operator charges for one month in one unit. Such insignificant penalties have no deterrent effect and are easily absorbed as a cost of business.

Intro 534 addresses the issue of inadequate penalties in two ways. First, the bill creates a new subdivision that makes it clear that converting a unit intended to be permanently occupied into a unit which provides temporary housing to transient guests violates the Building Code and carries a penalty of \$1,000 to \$5,000 for the first offense, \$2,500 to \$15,000 for the second offense within an 18 month period, and \$10,000 to \$20,000 for any subsequent offense within an 18 month period. The bill also provides for additional civil penalties of \$300 to \$400 per day for each illegally converted unit. These are significant penalties that evidence the City's recognition of the seriousness of these violations. We also support the language in the bill that makes it clear that no physical change in the dwelling unit need be observed for it to be deemed converted from permanent to transient. We have a few technical suggestions regarding the language of the bill and will be happy to work with the Council to address these issues. We applaud the Council for taking this important step toward addressing the issue of illegal hotels.

However, simply enhancing the penalties for violations of the existing law does not go far enough toward solving this problem. Further legislative change is necessary in order to provide the City with the tools to meaningfully address the proliferation of illegal hotels while also permitting the establishment of proper corporate housing and alternative stay locations. For example, because of a lack of clarity in the law, building owners who rent to a new tenant every thirty days are arguably not violating the law. This kind of turnover in a residential building creates all of the problems of short-term tenancy previously identified and is beyond the reach of Intro 534.

It is important to note that we recognize the need for corporate housing and alternative stay locations and want to encourage this industry, just not in residential buildings or residential neighborhoods. Similarly, we also want to protect the character of non-residential neighborhoods by ensuring that hotels in manufacturing districts are strictly for short term guests. Any proposals to alter the current statutory scheme should therefore include ways to encourage alternative forms of housing for guests in appropriate locations, as they are an essential part of the City's vibrant economy.

The Administration is committed to continuing to work with the community, state legislators, and the Council to craft a solution to the problem of illegal hotels. We commend the

Council for introducing this legislation to increase the penalties for violations of the existing law and hope this is only the first step toward a solution. We look forward to continuing to work with the Council on this issue.

I'll be happy to take your questions.

160 Bleecker Street
The Atrium

Signature Properties - Metro Homes - Marriott Execu-Stay

I have been residing at 160 Bleecker St. for the past 20 years. My husband ^{was} an original tenant - back in 1976.

We face Bleecker Street - have lived with the noise from the bars, tourists, taxis and street performers.

The quality of life has never been as affected as these past 5 years or so.

The mis-use of the apartments has negatively influenced our security, safety and quality of life since the inception of the 'hotel'.

The following points have been discussed at nearly every ATA (Atrium Tenants' Association) meeting - approximately 20 original tenants:

lack of security -

-patrons demanding the master key to get into apartment and not wanting to return it to doorman...drunk transient "hotel patron" sleeping in the hall on a Sunday morning

*Atrium was composed of
Rent control
Rent stabilized
Market Price
Co-op
Illegal hotel → furnished rooms*

"hotel patrons" having verbal altercations with doormen due to "hotel" mixups...keeps the doormen focused on the issue at hand rather than watching who is going in and out of the building

Card keys will be issued for all tenants to enter build

2 fires...a disgruntled patron set a mattress on fire and a dumpster fire (perhaps from a lit cigarette thrown from a window?)

1 stabbing between two "hotel" patrons...police were called

prostitution - have picture of ad...coop owner stated it hasn't disappeared since the enforcement of the 30 days ruling* [see attached ad]

disturbing the peace -

ie Steve and Abby incident with police -wrong apt reported to police -police were told they had a gun

-made Steve get Abby(suffering from Parkinson's) out of bed and then realized they were given the wrong apartment...at 4a.m.! [see attached testimony]

wandering drunk transients attempting to open tenants doors in the middle of the night

doorbells being rung at all hours by 'visitors'

maid service - abuse of washers-dryers/blocking hallways(picture)/monopolize the elevators [see attached]

entrance way to the building is often blocked by luggage-arrivals/departures. Patrons sitting on the steps waiting for transportation..sometimes for hours!

elevators out of service on a regular basis due to heavier than normal traffic/luggage

garbage in hallways - sometimes for days = rodents

smoking - 'smoke free' building not so smoke free

*30 Days Stay - only Signature abides by it. Metro and Marriott still have the short stays. Some of the doormen do not record the short stays because of the inspectors

For all these offenses, a fine of \$800.00 was issued?

The Atrium is located on one of the busiest streets in The Village. Anyone can walk into the building as tho they are residing there.

We should have a sense of security when we come home - which is no longer exists.

Judith/Jean-Luc Callet

for ourselves
and other tenants
Part of The ATA
coop owner

[new york craigslist](#) > [manhattan](#) > [erotic services](#) > ATTENCION GET 40 %OFF ONE OF THE MOST BEAUTIFUL AND SEXIES TS - t4m

last modified: Fri, 18 Aug 06:00 EDT

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ATTENCION GET 40 %OFF ONE OF THE MOST BEAUTIFUL AND SEXIES TS - t4m - 22 (Downtown)

Reply to: pers-195651202@craigslist.org

Date: 2006-08-18, 6:00AM EDT

- t4m

* I'm 22 yrs. old, 5'6 1/2", 34b (NATURAL) 25 waist & 32 hips.

* I LOVE TO GET GUYS HOT AND HARD &
KNOW IT'S ALL ABOUT ME I GET OFF ON IT
I GET VERY INTO IT...

SERIOUSLY... I LOVE IT

* I'm located in (160 BLEEKER ST) a safe, private & discreet location.

* I offer a fun & relaxing session with no attitude or gimiks.

* In-calls/Out-calls*

9-1-7 *7-4-9*8--7*07 ANITA

no -- it's NOT ok to contact this poster with services or other commercial interests



Subj: **Re: HI STEVE!**
Date: Monday, December 3, 2007 6:04:02 AM
From: sephenfleming
To: CALLET 160

Hi Judy--

Don't know what happened -- I'll try this and see if it works any better. Good luck downtown this morning!

For approximately 21 years I lived at 160 Bleecker Street in Apartment 6BE. My neighbors have suggested that I write a brief note to you detailing some of the events which took place during my final months in the apartment:

A total lack of building security to control access;
The constant arrival and departure of hotel guests with mounds of luggage and shopping bags deposited in the lobby making entering and exiting the building extremely difficult;

Hotel guests lounging all over the floor of the lobby as well as the steps -- blocking access to the elevator on the east side of the building;

Hotel guests roaming the floors and ringing apartment doorbells at all hours of the day and night looking for either their rooms or those of family/friends;

Drunken hotel guests yelling, laughing and in general disturbing the entire building;

And, finally, the police arriving at my apartment at 4:00 AM demanding entrance because there had been a report that someone in the apartment had a gun. I informed the police that a couple in the hotel room upstairs (7BE) had been fighting most of the night. Later that morning, the doorman on duty said that the couple returned to the building and were noticeably drunk.

I am certain that there are many other cases which can be cited -- these are just a few that immediately come to mind.

Check out AOL Money & Finance's list of the hottest products and top money wasters of 2007.



← Plastic
Bags

← Ben's

Parts not
in picture

FOR THE RECORD

PUBLIC HEARING: INTRO 534

December 3, 2007

Eric Martin Dilan, Chair Housing and Buildings Committee

All Council Members in Attendance

Testimony of Vivian Riffelmacher

My name is Vivian Riffelmacher. I work at a University Hospital in New York.

I live at 345 West 86th Street, also known as Dexter House, a residential SRO being run as an Illegal Hotel and a Youth Hostel on the upper west side.

I'd like to thank the Council for giving us this hearing. We are very grateful for all the hard work Council Member Brewer has done to address this problem. We believe increasing the fines for illegal tourist rentals would be a huge help towards shutting down Illegal Hotels.

Many people have trouble understanding why living alongside a commercial hotel would be a problem. First of all tourist rentals are usually being used as a form of harassment to drive remaining tenants out of the building so their existence is a symptom of a much larger problem. Secondly these hostel guests are mostly teenagers, they're unscreened and in an SRO this means the tenants are forced to share intimate living space with a constantly changing group of strangers. This is not good either for the tourists or the tenants.

One of my neighbors shares a section of our building with two tenants and three hotel rooms. One of these rooms has 10 bunkbeds and on a busy weekend groups of youngsters, sometimes 8 or 10 at a time are booked into this room. When the room first opened there were 11 young men and they slept on mattresses on the floor. These 8 or 10 people have to share a single common bathroom in the hall with the 3 tenants. My friend is kept awake by kids trooping in and out of the section, banging on the door to be let in, slamming doors, drinking and partying at all hours of the night. As a result, most of her weekends for the past three years she has gone without sleep.

Recently she diagnosed with breast cancer and had surgery. She is now home trying to rest and recover from a mastectomy and removal of lymph nodes. On Monday November 26th 2007, she called me to say there are now bed bugs in the section and her neighbor has itching welts all

over her body. Our building did not have bed bugs until the tourist rentals started. As you can well imagine problems like this are hard enough to deal with when you are well but when you are sick, recovering from a serious illness, they're much worse.

I hope that passing Intro 534 will inspire further legislation to crack down on this problem. Companies that want to lease buildings for Corporate Housing should do so in areas in zoned for commercial and mixed use.

Thank you for your time and consideration.

TESTIMONY IN SUPPORT OF INTRO 534
OLIVE KAREN STAMM, ESQ.

December 3, 2007

Good afternoon Mister Chair and council members. Thank you for the opportunity to appear here today to voice my support for Intro 534. Intro 534 is a welcome development.

For the last 22 years I have represented hotel tenants. Now as an attorney in private practice with a small firm that represents only tenants, and previously as the managing attorney of the East Side SRO Legal services project. For the last few years, permanent tenants from various hotels, such as the Tempo, and the Gramercy Park have sought assistance. All were under pressure to vacate so that their homes could be used for transient rentals. Owners have sought to rid themselves of regulated tenants through buyouts, demolition applications to DHCR, applications to DHCR for monstrous rent increases based on Major Capital Improvements, unbridled construction, and withholding of services.

These problems are not new. They have been plaguing hotel tenants and the City as a whole for decades. The lure of daily rentals as high as \$799. per day fuels the process.

From internet advertisements in hotels that I am familiar with I found the following rates:

Tempo formerly known as Commander: \$269 - 799.

Roger Williams: \$424.15

Thirty Thirty formerly known as Martha Washington: \$339 - 666.

Carlton: \$529

These daily figures are about the same as the lower monthly rentals for regulated tenants. Those tenants who remain face lobbies full of tourists clamoring for attention at all hours, small and/or

few elevators crammed with tourists and luggage, partying into the night and the withdrawal of services like maid and linen that are then directed to the transient guests.

Steep fines are appropriate to create a counter incentive against the juggernaut that has displaced so many tenants. When an owner of a hotel with hundreds of units rents large a large percentage to transient guests, the revenue stream is so large that only very significant financial penalties will make a difference. Suggest that the penalties be made higher.

My other comment is directed to the word “conversion” itself. Conversion is usually taken to mean a change. In many buildings, the change was effected years ago and the rooms, suites or apartments in questions have ben rented on a transient basis for many years. Lest it be said that the conversion took place years ago and not presently, the legislation could make use as a transient rental actionable along with conversion, or conversion could be held to occur anytime a unit is rented on a transient basis contrary to the zoning resolution or Certificate of Occupancy.

Olive Karen Stamm, Esq.
Of Counsel to
Collins, Dobkin & Miller, LLP
277 Broadway, Suite 1410
New York, New York 10007

Dec. 3, 07
Vickie Labosky, Pg. 1 of 3

Illegal Hotels Testimony To: The New York City Council

At the end of May 2004 a new management came to our building the Dexter House, 345 West 86th St, between West End Ave. & Riverside Dr. They immediately started seriously harrassing the tenants & evicting the tenants with mostly trumped up / Frivolous eviction cases.

At that time, end of May 2004, the previous management had been quietly renting 33 hotel rooms ^{building up the number} since about 1997.

Now, since the new management, they have increased this number to about 100 hotel & overcrowded youth hostel rooms. And they are taking over more rooms every day.

The Dexter House has 261 units, so 100 of these units have been lost to regular tenants. This means that our building alone could have homes for about 200 more people, NYC residents who need affordable homes, if the management is stopped from doing these ^{Illegal} rentals.

The hotel & youth hostel rentals are illegal in our building because the Dexter House Certificate of Occupancy clearly states our building as a

Type A Residential SRO, no transient rentals allowed. Also the Dexter House is on a completely residentially zoned block. There are also many, many violations + complaints lodged w/ the DOB + HPD about illegal overcrowding + bad conditions in the building.

I have lived in the Dexter House since 1991.

In June of 2004 I was elected President of the Dexter House Tenant's Association. And I was the President until through April of 2005.

I was seriously harassed from the beginning of June 2004 until May 2007. That is 3 years. This included their attempt to evict me on frivolous eviction charges for almost 3 years. After all of that they lost the case.

BUT I would not have been able to afford the legal representation I needed to keep my home if it were not for the help of the SRO Law Project Attorneys. Whereas for the Management of the Dexter House; the cost of trying to evict me was really negligible.
~~AAA~~

This is why we need the daily fines

Nekie Labosky

Page 3 of 3

For Illegal Hotel violations to be greatly increased
so the fines are more comparable to the
damage the Illegal landlords are perpetrating
on the tenants.

Here is an MNN TV interview of 4
tenants telling all about how the illegal
hotels work. We also talk about the
serious harassment of about 5 tenants
including 2 of the tenants interviewed.
It is a very complete interview.

Thank you,

Nekie Labosky

(one)

Vaisheliv1@aol.com

212-496-7185

Testimony of Christopher Carroll, resident of 345 West 86th Street, before the New York City Council Housing and Buildings Committee on December 3rd, 2007 in support of Intro 534.

My name is Christopher Carroll. I have lived in Room #601 at Dexter House SRO, 345 West 86th Street, New York, NY 10024, since February 2002—nearly six years. During that time, and especially since May 2004, when new management took over, I have seen Dexter House change from a predominantly residential building to a building under siege by an illegal hotel, which has consumed about 65 rooms, or about one quarter of the building.

Tourists inundate the lobby, elevator, hallways and communal bathrooms of my home, creating overcrowded, unsafe conditions for me and my fellow tenants. Dexter management actively harasses residents in an attempt to drive as many as possible out of the building. About 100 rooms have been vacated by evictions or illegal buyouts in this attempt to illegally convert Dexter House to a tourist hotel.

The result is an increasing depletion of the city's already endangered rent-stabilized affordable housing stock. Dexter House no longer rents rooms to anyone such as myself. They only rent short-term to international students with little English, who are cherry-picked by brokers on the internet (via *Craigslist*) and overcharged 2 or 3 times the rent-stabilized rent.

The large-scale illegal hotel at Dexter House is used to make quick high profits and as a tool to harass permanent residents into leaving. Up to 12 or 14 tourists are sometimes crammed into a single room, with bunk beds and mattresses on the floor. These tourists then use a communal bathroom intended for no more than six residents who live in that section of the building.

The communal bathroom in my section has been cut in half and illegally converted to provide a private bathroom for the adjoining illegal hotel rooms. There are two private-bath illegal hotel rooms in my section, but since Management often puts 4 or more people in each of these rooms, in violation of occupancy limits and fire laws,

Tourists frequently use our communal bathroom. My bathroom-sharing neighbors and I, like most New Yorkers, have precise living and work schedules. We cooperate to keep our bathroom clean and operational. When tourists invade our bathroom, they disrupt our schedule, make us late for work, and generally make a mess. They leave bathwater on the floor and attempt to flush unflushable articles down the toilet. They assume the maid will clean up after them, but the DHCR-required maintenance service for residents has been illegally terminated by management, so that the maids exclusively service the illegal hotel rooms.

Cleaning up after tourists is only one of the many burdens forced on Dexter House residents by the illegal hotel in our midst.

I urge you to pass Intro 534 into law as a first step to ending this problem. I look forward to supplementary legislation originating in the Mayor's office to come closer to a permanent solution.

TOURIST TRAPS

Testimony of Anne Cunningham on Illegal Hotels

Before ^{ESK} Martin Dilan, Chairperson
Housing and Buildings Committee
New York City Council

December 3, 2007



Chairperson Erik Martin Dilan, and all Council members present.

Good afternoon. My name is Anne Cunningham. My testimony today concerns the Brewer Bill—Intro 534, which addresses illegal hotels and should be passed quickly.

For the past 29 years I have been an advocate and activist for tenants residing in SROs and residential Class A hotels. In 1979 I moved into the Tempo Hotel, formerly known as the Commander, on West 73rd Street in New York City. This is one of the Class A hotels that are slowly disappearing from the map as affordable housing, along with the loss of thousands of units of housing stock throughout the city due to tourism. At the Tempo, construction and downsizing recently produced 200 remaining units. The owner, AIMCO, leases approximately 112 rent stabilized units to WOOGO and Lara Group, of the remaining 87 tenants 39 are seniors.

PROBLEMS EXISTING IN ILLEGAL HOTELS

- **Deplorable Living Conditions**—Lack of and breakage of elevator service, security problems, decline in service, mail intercepted and tampered with; noise, overcrowding, and heavy traffic throughout the building.
- **Crime Factor**—Go ahead is given to drugs and prostitution and all associated activities.
- **Harassment**—Harassment is at an all-time high with a goal to empty out the building for tourist rentals. Hotel employees constantly call the police to harass the tenants. Long-term tenants that have spouses or roommates were issued eviction notices for overcrowding.
- **Safety**—Fire codes are not maintained; no safety program or fire wardens. Many supers do not have standpipe or appropriate licenses. No or faulty sprinkler systems in some buildings. In instances of fire, tourists would not be located.
- **Losses to the City**—Thousands of fines for violations owed to the city are not paid. Groups such as LARA who claim to specialize in corporate housing rent by the night and do not pay city taxes. Recycling programs are not used. Many hundreds of bags of mixed garbage are curbside and picked up by city employees whereby commercial carting should be used for these business ventures.
- **Tourists**—Tourists are in many instances are overbooked and must depart ahead of time or sleep in the lobby until a room is found for them. They do not receive hotel amenities, are overcharged and misled by fraudulent advertising. This embarrasses the city.
- **Loss of affordable housing**—The epidemic of illegal hotels throughout the city is not only happening in the hotels but in multiple dwelling residential buildings, creating one of the worst shortages of affordable housing in city tenant history.

Thank you for the pleasure of participating.


Anne Cunningham

December 3, 2007

Monique Mirouze
455 West 34 St.

I am a member of **West Side Neighborhood Alliance**, which I joined since its creation, because all our actions as tenants failed to bring any results for the illegal hotels problem.

I have lived in this building for 25 years. This building, built in 1929, has 127 units. It had been bought by David Malek in 1986 for \$6,000,000 who filed for bankruptcy; Mr. Chaim Babad bought the building at an auction in April 1993 for \$1,000 at which he was the only bidder, operates his business from his synagogue in Brooklyn.

Out of 127 units we have now about 85 illegal hotels, corporate apartments.

-1999 Mr. Babad started the conversion of apartments into luxury hotel apartments, advertised on the internet (and through agents.)

All these years we have seen:

Increase of trash, Lack of security: we don't know most of our neighbors, clothes rack in the lobby and laundry bags, dirty floors as the only one cleaning person is unable to clean the hallways.

-Bathroom flooded: my bathroom is regularly flooded. Some of the hotel residents just start to run the water, go on the internet or just stop-by their friend in the next apartment. The water runs down along a heating pipe.

But the most important for me is what affects my quality of life and it is the noise

First: in the hallway:

-Using wireless internet connection in the hallway (so they do not have to pay the fee for the connection in the apartment): we had for instance this summer 3 or 4 young people seating in the staircase at all time with their laptops (group from Spain studying at Berkeley)

Second: noise coming from the apartment immediately above mine: No carpet or rug

-Late arrival and early departure packing-unpacking: rolling the suitcases across the room, dropping bags..dropping shoes, opening the sofa bed. Re-arranging the furniture

-Parties: New York is the place to be celebrate. I just survived this summer to a 3-day good-bye party of young people from Spain, running from 1 apartment to the other, slamming doors, screaming in the hallway until 4 am, going to sleep and becoming active again around 4 pm the following day and starting all over again. After 3 days of this I was not ready to go to work.

BUT

-My worse experience was when the hotel resident in the apartment above mine was up most of the nights and through the night would drop things at more or less regular intervals. Every time I was falling asleep I was waken up by a loud noise. Since I live in a studio apartment the object was falling directly above my head and it was a sort of self defense reaction. I became unable to sleep, always waiting for the next object to be dropped, this lasted several months and I ended up at the doctor's office diagnosed with sleep deprivation and anxiety for which I was given medication.

Monique Mirouze
455 West 34 St

Of course if it had been a regular tenant I could have discussed this, but unfortunately when I write a note to the hotel resident, most of the time it does not help and once I was even verbally assaulted (2 women from Vancouver Canada November 2006).

I have come to the point that when I have peace in my apartment I feel lucky.

I would like to thank you for passing this bill it is very important to us. Although I know it will not solve all the problems in my building.

We called for inspectors quite a few times, but each time they found that there was no illegal hotel.

My landlord Mr. Babad was also interviewed in June 2006 (*see article attached*) and said he was not renting illegal hotels, but renting extended stay apartments. (Until May 2006 apartments could be booked by day on the internet at spnewyork.com, nationalextendedstay.com.)

Mr. Babad knows very well that with the law as it is now no one can stop him.

Therefore I urge you to pass this bill, but also to consider additional legislation to stop this type of rentals in residential buildings.

Thank you.

Attached: newspaper article, Signature Properties + national Extended Stay advertising my building + DOB sample of inspector report for illegal hotel

Enjoy
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Year	2000	Meeting Space	Available at request
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NYC Department of Buildings

Overview for Complaint #:1153154 = RESOLVED

Complaint at: 455 WEST 34 STREET BIN: 1012857 Borough: MANHATTAN ZIP: 10001

Re: CALLER STATES WHOLE 12TH FLOOR APTS ARE BEING USED AS HOTELROOMS INSTEAD OF REGULAR TENANT OCCUPANCIES BY THE OWNERS OF THE BLDG W/O APPROVAL OR REVIEW FROM DOB..LOCATED IN A C6-2M ZONING DISTRICT

Category Code: 31 CERTIFICATE OF OCCUPANCY - NONE/ILLEGAL/CONTRARY TO CO

DOB District: HY - HUDSON YARDS

Special District:

Assigned To: MANHATTAN BOROUGH OFFICE

Priority: C

Received: 10/22/2005 11:49 Block: 732 Lot: 7 Community Board: 104

Owner: WEST 34TH APTS CORP

Last Inspection: 11/16/2005 -- BY BADGE # 0885 MIGNONE ANTHONY MANHATTAN
 Disposition: 11/21/2005 -- I2 - NO ACTION NECESSARY BASED UPON PHYSICAL OBSERVATION
 Disposition Entered By: KGO 11/21/2005
 Comments: APT 12H OCCUPIED AS TENANMENT APT NO EVIDENCE BEING USED AS HOTEL

Complaint Disposition History

Disposition Date	Code	Disposition	Inspection By	Date
11/14/2005	C1	INSPECTOR UNABLE TO GAIN ACCESS ON FIRST (1ST) INSPECTION ATTEMPT NO ACCESS TO 12TH FLOOR	2199 MULZA	11/07/2005
11/21/2005	I2	NO ACTION NECESSARY BASED UPON PHYSICAL OBSERVATION APT 12H OCCUPIED AS TENANMENT APT NO EVIDENCE BEING USED AS	0885 MIGNO	11/16/2005

If you have any questions please review these [Frequently Asked Questions](#), the [Glossary](#), or call the 311 Citizen Service Center by dialing 311 or (212) NEW YORK outside of New York City.

Tourists get taken in fake hotel room scam

Continued from Page 1

more landlords are taking advantage of the situation. They are illegally marketing their rental apartments as hotel rooms for stays as short as one night.

On online travel forums such as TripAdvisor.com, the number of complaints from outraged tourists is soaring. Meanwhile, residents of as many as 70 Manhattan apartment towers have complained about a tide of tourists invading their buildings. Since January, the Department of Buildings has given 19 citations for illegal hotel use in midtown alone.

"This is a boroughwide epidemic," says Assemblyman Richard Gottfried. Early this year he formed an illegal hotels working group with state Sen. Liz Krueger and City Council member Gale Brewer to seek ways to combat the practice.

Properties doubling as hotels range from luxury rental buildings undergoing condominium conversions to downmarket single-room occupancy establishments. The units most commonly used are rent-

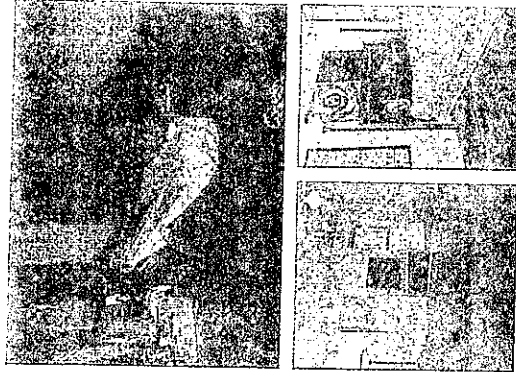
controlled or rent-stabilized apartments where the gap between what landlords can earn by renting them to tenants versus tourists is greatest.

Prime candidates

BUILDINGS UNDERGOING a condominium conversion are vulnerable for a different reason. Typically, there is a period of several months when tenants' leases are expiring and the building has yet to convert. Rather than re-rent the apartments and risk delaying the conversion, some landlords are hiring short-term stay operators to find tourists who will pay for brief periods.

"Tenants are being harassed, tourists are upset and the landlords are making money," says John Raskin, a community organizer at Housing Conservation Coordinators, a community group. "The problem is growing."

The attorney general's office, which must approve any condo conversion, is investigating illegal hotels at the Herald Towers on West 34th Street, according to court documents. Recently, Mr. Gottfried's



THE WOOGONE SITE shows the real room (top) versus what WooGo advertised.

group has written to the attorney general requesting a similar investigation of a condo conversion of The Sheffield on West 57th Street. The AG's office declined to comment.

The Department of Buildings ramped up its campaign against the illegal hotels by forming a special in-

vestigative group in September. To date, the group has conducted 30 inspections.

One of the problems faced by enforcement agencies is that the legal issues in some cases are open to interpretation, especially in midtown, where zoning permits hotel use.

The city, however, points out that the buildings' certificates of occupancy state they are to be used as apartment buildings. Using apartments as hotel rooms "is definitely illegal," says Assistant Commissioner Robert Iulo. Still, in cases where units are rented out for several months at a time, it is harder to determine if the law is being violated.

In fact, some landlords insist that their use of apartments for short-term visitors is not a violation at all. "This is not a hotel; it is an extended-stay [building]. We do not offer any services," says Chaim Babad, who owns a apartment house on West 34th Street where he rents out a number of the 127 units for 30 days or more. "Nothing is under 30 days, and most visitors stay a couple of

months," he says.

With public pressure mounting against the practice, some short-term stay operators are pulling back. At the Herald Towers, Church Corporate Services is planning to return the 73 apartments it has been renting out there. "As [tenants] move out, we are giving the units back to the building's owner," says Yudel Kahan, president of Churchhill. "We never had this issue before."

Nightmare experience

AS THE CONTROVERSY RAGES about the practice continues, New York's reputation is beginning to suffer.

"I still love New York, but I give up in all honesty, it is kind of sad to say this," says Kelly Britt, a tourist from Atlanta who had a nightmare experience at the same West Side apartment building where Mr. Korman ended up. To warn others, Britt has started a Web site, www.woogone.com, in reference to hotel operator WooGo, which misled him the illegal room. The site already attracted horror stories from other visitors to Manhattan's growing number of faux hostels.

COMMENTS? / N.Yobserver.com

Crain's NY Business

June 12-18, 2006

12/3/07

**Hon. Erik Martin Dilan
Hon. Gale A. Brewer
Hon. Rosie Mendez
Hon. Daniel R. Garodnick
City Council of New York
City Hall, NY, NY 10007**

RE: Intro 534 Hearing December 3, 2007

My Name is Tom Cayler, I have lived at 525 West 45 Street, Hell's Kitchen, New York City, for thirty years. As a member of the West Side Neighborhood Alliance, one of our purposes is to promote and protect Affordable Housing.

To that end we are involved in the Re-Zoning of Eleventh Ave., and the Hudson Yards project. But promoting Affordable Housing does no good if at the same time we are losing thousands of units of affordable housing to Illegal Hotel Use.

Last year, the West Side Neighborhood Alliance held a Town Hall Meeting on Illegal Hotels. Over 250 people attended. We have developed a list of over 100 buildings infected with this problem.

We want to thank Housing Chair Dilan and his fellow council members for introducing this bill and having this hearing today. This bill is a good start for dealing with the problem and we urge you to pass it. The increase in fines will hopefully de-incentivize landlords from converting residential units into hotel rooms.

But we believe it is also necessary to pass further legislation which will more restrictively define "Residential Housing." For example, a thirty (30) day lease is not a residential lease, it is merely extended stay for corporate housing. And corporate housing should not be allowed in residential buildings.

Again, thank you for this opportunity to speak with you and for your commitment to solve this problem.

**Tom Cayler
525 West 45, NY, NY 10036-3414
212-397-9305:tacayler@verizon.net**

Intro 534

Testimony of Suzanne Jacoby
154 West 70th Street (residential rental building)

I live in my apartment for over 20 years and it has always served as my sanctuary, a place to go for peace and safety at the end of the day.

A new landlord took over our building about 4 years ago and it was approximately 2 ½ years ago when things changed. At first I saw someone whom I thought to be a new neighbor. Then I started noticing that every few days there were different people exiting the same apartment. Then neighbors and I spotted more and more luggage piled up in the lobby and what seemed like a constant stream of strangers coming and going.

I have doormen and wondered how they could possibly know who lives in our building and who doesn't. Also, tourists are not screened. All they have to do is pay and they could get a room. As a single woman, this is of great concern to me. In addition, neighbors often watch out for each other as in the case when a neighbor rang my bell to see if I was OK after he smelled something burning in my oven.

After the landlord spotted me speaking with tourists and the building was visited by inspectors about the problem, he retaliated by complaining to the police that I was harassing tenants and also has a court case against me.

Living in a residential building used as an illegal hotel causes much anxiety. I used to just close my door behind me when I would walk my dog or do the laundry and now I double lock it. Not only has my feeling of security been compromised but also my safety since our building is not up to fire code.

I ask that you please pass Intro 534, as by increasing fines per unit per day would make it unprofitable for landlords, therefore deterring this illegal and disturbing practice.

Testimony of Julie Semel of West 44th Street before the New York City Council on December 3rd, 2007:

Thank you Council Members for Intro 534 and for hearing our testimony.

I'm Julie Semel, a professional travel photographer living in a six-unit brownstone on West 44th Street. Three years ago, my new landlord, a vice-president at Brown Harris Stevens Real Estate bought the building, and immediately proceeded to questionably destabilize the rents, and hired a company to rent the apartments to tourists. Not only did tourists find rentals from a weekend to a week to a couple of months on the Internet, but also, a few used a French guide book in which the company, Richard Caine and Performing Arts Short Term Housing, had advertised a *two-night minimum*.

In 2005, almost fifty percent of the thirty-two rentals of four apartments during the first ten months were for a month or less. Because my building is in the Clinton Special District, a Certificate of No Harassment is necessary for any renovations that my landlord is planning. Even though I reported harassment as a result of illegal hotel use, Housing Preservation and Development issued the Certificate. I appealed the decision to the NY State Supreme Court but one reason that I lost the case was that I did not report every incident of illegal use to 311. At the time, there was no special code for illegal use and the Mayor's Office of Midtown Enforcement was ill equipped to follow-through.

I was subjected to not only constant noise and disruption, but most important, **lack of security**. Illegal tenants rarely locked the doors, and as I work alone at home and own

professional camera equipment, I was speechless and in shock one morning. Because there is no intercom, I never ring anyone in unless they are expected, and then go downstairs from my second floor apartment to open the doors. However, this time, the FedEx deliveryman had bounded up the steps and was outside my apartment door when I opened it!! He told me that both outside doors were unlocked and ajar. I need not describe what the outcome might have been, had he been a stranger.

As a result of my lawsuit against HPD and my landlord, in 2006 the landlord changed from weekly rentals to a minimum of two-month rentals. This is still a questionable practice regarding these former rent-controlled and rent-stabilized units that have disappeared from the affordable housing market. We need to increase fines to deter landlords from engaging in such illegal use, but also, to address these loopholes and gray areas that unethical owners seem to find.

Thanks again for listening.

Julie Semel

428 West 44th Street, Apt. 2R

New York, New York 10036-5219

Telephone: 212.956.2393

**Met Council on Housing
339 Lafayette Street
New York, NY 10012
212-979-6238**

**Testimony presented by Jenny Laurie
Before the New York City Council Housing & Buildings Committee
In Support of Intro 534 on December 3, 2007**

Met Council on Housing, a tenants' rights organization, supports Intro 534, which would increase the fines against owner for the illegal hotel use of permanent residential units. We support the bill because illegal hotel use threatens the city's supply of affordable housing, and because it threatens tenants living in affordable apartments by making them miserable and giving them incentives to move. No one on this committee need be reminded that there is a crisis in the rental housing market in New York City. In Manhattan, where most of the illegal hotel activity occurs, the vacancy rate is under 4%. More important than the shortage of housing is the crisis of affordability - the city as a whole lost over 200,000 units of housing affordable to median income households between the last two Housing and Vacancy Surveys (2002 and 2005). The city is currently receiving 200 requests per year from SRO owners for permission to convert their buildings away from permanent hotel tenant use. The city has lost 35,000 units of affordable Mitchell-Lama housing to buyouts, with another 10,000 units in the pipeline. Last year alone, owners filed to convert 710 buildings to coop or condo use for a total of 26,500 units - 2/3rds of which were in Manhattan.

In order to preserve affordable housing, we need to preserve rent regulated housing. Rent stabilization is the city's largest program providing affordable housing for low, moderate and middle income tenants. Hotel use of permanent residential buildings interferes with the three core rights of the rent stabilization - the right to pay a reasonable rent, the right to stay in your home, and the right to full services. Illegal hotel use takes regulated, permanent residential units and rents them for one night what a permanent tenant would pay in a week or more; the traffic, noise, and circumvention of building security deprive permanent tenants of right to decent conditions, and the high rents from tourists add to the unpleasant pressures already on the permanent tenants to move. Once a permanent rent regulated tenant moves out of an apartment or SRO unit in Manhattan, that unit is forever lost to the supply of affordable housing - and that tenant must find affordable housing elsewhere.

The city and the state already have too many legal ways for landlords to get out of rent regulation. Hotel use in these buildings is illegal. It is within the power of the City Council to

make the law enforceable with serious fines. While we don't see a lot of illegal hotel use outside of what are called the "Manhattan-like" neighborhoods, we will if the current tourist flood continues. And we will continue to watch as we lose more and more of our affordable rent regulated housing citywide.

Data sources: NYC RGB, Housing Supply Report, 2007; NYU Furman Center, State of New York City's Housing & Neighborhoods, 2006; NYC Comptroller, "Affordable No More," 2006

WALTER GAMBIN PASS INTRO 534! STOP ILLEGAL HOTELS!

OWNERS OF LARGE RESIDENTIAL BUILDINGS IN N.Y.C., ARE MOSTLY FINANCIALLY WELL-OFF, I VENTURE TO SAY. AND YET, IN SPITE OF HAVING ACCESS TO MANY THINGS VIA THEIR WEALTH, THEY CHOOSE TO TAKE STILL MORE FROM THOSE WHO HAVE MUCH LESS, FROM THE MIDDLE AND LOWER ECONOMIC CLASSES, SO THAT THEY CAN HAVE STILL MORE WEALTH.

I WOULD LIKE TO SAY HOW OWNERS & MANAGERS ARE DOING THIS IN MY BUILDING, THE DEXTER HOUSE, AT 345 W 86th ST., IN MANHATTAN. IT'S A CLASS A, SECTION 248 S.R.O. RESIDENCE. WHAT I'LL SAY NOW IS LARGELY ABOUT HOW THE ILLEGAL HOTEL ACTIVITY HAS CAUSED ME TROUBLE AND WORKS, IN EFFECT, AS HARRASSMENT.

— THEY'RE TRYING TO CHANGE IT TO A HOTEL and HOSTEL, RENTING TO TOURISTS. THIS HAS CAUSED CROWDING IN MY HALL ~~WITH TOURIST~~

& OTHER HALLS & IN THE LOBBY WITH TOURIST LUGGAGE, & MADE MY BATHROOM, ALONG WITH OTHER BATHROOMS, LESS AVAILABLE. IT ALSO TAKES AWAY AFFORDABLE HOUSING IN OUR CITY'S HOUSING CRISIS.

— THEY TOOK AWAY OUR IN-HOUSE PHONE SERVICE, WHICH WE HAD HAD FOR YEARS BEFORE THE CURRENT MGMT. CAME. IT IS LESS FOR THEM TO CARE FOR & TO PAY FOR, IT IS INCONVENIENCE & SOMETIMES LONELINESS, FOR ME.

— THEY HAVE TAMPERED WITH OUR MAIL. WE HAVE ~~CASES OF~~ CASES ON RECORD WITH THE POST OFFICE. THEY STOLE NOTICES MAILED TO ME IS S.R.O. LAW PROJECT. THEY DID NOT NOTIFY A NEIGHBOR OF A CERTIFIED LETTER I SENT TO HIM.

— THE MGMT. HAS COMMUNICATED UNPLEASANT, UNKIND ATTITUDES OF UNWELCOME TO SOME OF THE RESIDENTS, INCL. ME, WHILE WE PASS THROUGH OR WAITED IN, THE LOBBY.

— THERE HAS BEEN A CASE OF VIOLENT HARRASSMENT BY MGMT, AGAIN A TENANT. NEED I ELABORATE ON THE FEELINGS ANY TENANT IN THE BLDG MIGHT HAVE ABOUT THIS? IT DOES NOT SET UP A

TESTIMONY OF TONY WARREN

- LADIES & GENTLEMEN OF THE CITY COUNCIL; THANK YOU FOR HEARING US.
1. WE THANK THE COUNCIL MEMBERS WHO ARE ALREADY SUPPORTING INTRO 534.
 2. WE THANK DAN GARODNICK, OUR COUNCILMAN AND WANT HIM TO KNOW THAT HIS CONSTITUENTS REALLY WANT THIS BILL AND ARE WATCHING ITS PROGRESS. ^{PASSED}
 3. I AM TONY WARREN, ^{FORMER PRESIDENT OF} 134 WEST 58TH STREET, NEW YORK CITY AND I'M A FORMER ^{FOR 10 YEARS} NEWSCASTER FOR WCBS-FM RADIO, 101.1, THE OLDIES STATION IN NEW YORK
 4. ALSO, I AM PRESIDENT OF THE 134 WEST 58TH STREET TENANT ASSOCIATION.
 5. SOME OF THE PROBLEMS WITH THESE "ILLEGAL HOTELS" ARE AS FOLLOWS:
 6. THE NOISE CREATED BY THESE TEMPORARY, ^{WEEKLY,} TENANTS, WHO THINK THEIRS ARE HOTEL ROOMS, IS ABOVE AVERAGE AND THEY CONTINUE THIS NOISE BEYOND MIDNIGHT.
 7. THESE TENANTS SOMETIMES HAVE 3 OR 4 PEOPLE LIVING IN THESE ROOMS AND SOMETIMES THE PARTIES THEY HOLD, BEYOND MIDNIGHT, ARE GRATING ON THE NERVES OF OUR PERMANENT TENANTS!
 8. DOGS AND BABIES ARE ALLOWED IN WITH THESE "FURNISHED QUARTERS" PEOPLE AND SOMETIMES THE BARKING AND CRYING IS ALSO VERY DISTURBING!
 9. THE "FURNISHED QUARTERS" APARTMENT PROBLEMS ARE FIXED FIRST, THEN THEY GET AROUND TO THE PERMANENT, RENT STABILIZED TENANTS, WHEN THEY FEEL LIKE IT.
 10. INSTEAD OF NEIGHBORS WE HAVE KNOWN FOR YEARS, WE NOW HAVE A PARADE OF STRANGERS IN THE BUILDING AND EVEN THE DOORMEN DO NOT KNOW SOME OF THEM....AND THIS IS DANGEROUS, ESPECIALLY AFTER 9/11.
 11. TEMPORARY TENANTS DON'T CARE WHERE THEY THROW THEIR GARBAGE AND THE STAIRWELLS AND ELEVATORS HAVE BECOME FILTHY WITH BROKEN PAPER

- BAGS, AS THEY DON'T USE PLASTIC BAGS, AS INSTRUCTED! *THIS HAS ATTRACTED MORE ROACHES TO OUR BLDG!*
12. NOW WE HAVE LEARNED THAT THE LANDLORD IS RENTING OUT ROOMS FOR ONE MONTH AT A TIME---IN ADDITION TO INTRO 534, WE'RE ANXIOUS TO SEE THE MAYOR'S BILL AND HOPING THE COUNCIL WILL CONSIDER IT AS SOON AS POSSIBLE.
13. THANK YOU SO MUCH FOR LISTENING AND ~~FOR~~ *WE URGE YOU TO* SUPPORT THIS BILL—INTRO 534 *AND* THE MAYOR'S BILL!

FOR THE RECORD

History of introducing tourists and Harassment of the Dexter Management

My name is Nehemiah Bar-Yehuda. I am an American citizen who moved to the US from my home country Israel in 1984 and live in the Dexter since 1985. In March 30 2008 I will be 60 years old.

The affordable rent regulated by the rent control law enable me to do two things:

1. Pursue a career as a yoga and meditation teacher that does not bring much income but give great satisfaction to me and my NY students of all ages and walks of life.
2. To work as a volunteer in service of the health of the 9/11 relief workers and volunteers and survivors and residents since September 2001 many hours a week in the first 9 months since 9/11/2001 as a body-mind therapist in St. Paul Chapel and after that as one of 4 cofounder of the Serving Those Who Serve charity that have already served more than 1,000 people of this population, among them about 600 NYC Firefighters. Another cofounder, Jose Mestre the Chairman of our charity has been able also to put many volunteers hours a week into our charity for 4 years with the help of the rent control low rent, as a Dexter long time resident.

Many of the residents of the Dexter and other SRO are low income people including people who pursue creative and healing professions, students and senior citizen.

I am here to testify that since the current management took possession of the building the introducing of illegal hotel residents multiplied many times and specific groups of the permanent residents have been targeted for harassment to "encourage us" to leave the Dexter.

Expansion of the illegal rent for tourist in the Dexter

- ♥ In the last 3 years I have witnessed a rapidly growing population of tourists who come to the Dexter for short periods from 1 to 4 days to a period of a week or two.
- ♥ Those tourist live 2 to 6 in a room. Many of the rooms are equipped now with few bunks beds that enable the Dexter management to put 4 to 8 people in a one room that was originally designed as a single occupancy room.
- ♥ These large population of tourist in small room and in wings that have already had before this change one shower/bathroom for 4 or 5 single room permanent rent stabilized renter, unduly crowd the shower/bathroom, the one small building elevator and the reception where we get our regular mailing and services.
- ♥ In my wing where we used to have 5 single residents in 5 rooms, we already have as the last few month one room with 4 bunk beds that is occupied by tourist for periods varying form one to 7 days who are occupying the bathroom and the shower in time that we have to take shower and go to work.
- ♥ Another much smaller room that has been recently vacant by my old friend 91 years old Julius Berger, who moved to a nursing home (see about harassment regarding Julius Berger below) has been painted. The lock has been changed and everything is being prepared for new second tourists room in our 5 rooms wing (4C on the 4th floor of the Dexter building).

Deliberate Harassment of Permanent Residents Targeting More Aggressively 2 Groups

In the last 3 years I have witnessed a growing pattern of deliberate well calculated harassment of the management doing whatever they can do with minimum risk of being sued to make the life of the permanent residents hard, so that as many of us would leave and enable them to rent more room to tourists.

Two groups have been specifically targeted:

1. Residents whom the management know to be active in the civil struggle against the illegal rent of Dexter rooms to tourists.
2. Any residents that they perceive that they have some chance of getting out through eviction.

Few examples of Harassment of myself since I have been perceived as active against the illegal rent of rooms in the Dexter.

1. As long as the Dexter was hoping that I am one of the residents who is not going to take action against them they treated me reasonably ok. One example was that when I was couple of months behind the rent I was able to sit with the Dexter manager Robert Goicohea and work out a payment arrangement of extra \$30 a month that would bring me to be current with my rent over time.

However, about 2 years ago, 2 days after I was observed attending a demonstration in front of the Dexter with all our local political leaders, including Congressman Jerold Nadler and Councilwoman Gale Brewer, I received an eviction notice letter telling me that if I don't pay my full due rent, I would have to **leave my room immediately**.

I already knew from our then assemblyman Scott Stringer that this is a common scare tactic used by lawyers of some SRO landlords to scare residents who don't know the law to pack up and leave. I then informed the management that I will catch up with the rent in short time and I did so and been current ever since.

2. All the workers who serve at the Dexter reception desk were instructed to treat as bad as they can get away with, me and other resident who are perceived to be against the Dexter illegal rent for tourist.

Those workers never answer to my continuous daily greeting (it is against my nature to stop greet people even if they don't talk to me) and give me the mail as if they are doing me a favor without any minimum courtesy.

3. When I asked them to give me the mail to an old neighbor Julius Berger who I have been voluntarily taking care of for the last 6 years and who appointed me as is Power of Attorney and Proxy after he moved into a nursing home they refused to do so until I brought his letter authorizing me to do so and the power of Attorney document.

Couple of months after that I have learned that they chose on their own to contact the post office and ask them to stop to send Julius Berger's mail to the Dexter so they can give them to me as he requested against his wish and without consulting me his Power of Attorney or him before doing so.

Few Examples of Harassment and reduction of services of all permanent residents and especially looking for any possible reason to evict anyone they can

1. Couple of years ago the Dexter management cut off all the house phones to all of us the permanent residents, a service we used to receive for all the prior 30 years that I have been Dexter resident.

2. The management is using investigation techniques to locate any situations that they may evict a permanent resident, regardless of the health condition or life situation of those permanent residents

3. For example. They opened eviction proceeding again a permanent resident who spent few months in Australia with an ailing parent and to support their eviction case refuse to take form her rent.

4. When Julius Berger was still feeling well enough to live here and clearly expressed to me and to them that he wanted to stay, they contacted his Nephew in Maryland and tried to convince him to send Julius Berger to a nursing home.

5. They also answered Julius Berger, who was 90 years old at the time, request for services like replacement of electric bulb or toilet paper in the public bathroom with rudeness and angered that frightened him and caused him to be afraid to call the office and to ask me to always call the office in his behalf.

6. There were numerous other cases of trying to evict residents whenever they thought that they may succeed. In one case they used investigative technique to locate another address where a resident resides some of the time and to use it as a cause to proceed with eviction and also did it to resident whose wife was sick with terminal illness in hospital.

There are many other cases of harassments and reduction of services that I don't have the time to recounts here.

Thank you for taking the situation of illegal rental to tourist of the Dexter and other SRO building into your consideration.

Please feel free to contact me for more information

Nechemiah Bar-Yehuda
345 West 8th Street, Apt. 416
New York City NY 10024
212-877-8312
Yoga and Meditation Teacher
Serving Those Who Serve
Cofounder and Director of Programs and Outreach

**Testimony of Benjamin Dulchin,
Association for Neighborhood and Housing Development
Before the City Council Housing and Buildings Committee
in Support of Intro 534**

December 3rd, 2007

Good afternoon Chairman Dilan, and members of the City Council Committee on Housing and Buildings. Thank you for this opportunity to testify. My name is Benjamin Dulchin, and I am the Deputy Director of the Association for Neighborhood and Housing Development (ANHD). ANHD is a member organization of 90+ neighborhood based housing groups whose primary mission is the preservation and development of affordable housing.

I am here today to testify in support of Intro 534. One of the primary concerns of ANHD is the preservation of existing affordable housing. In part, we are so focused on preserving existing affordable housing because our members know first hand how much cheaper it is to preserve affordable housing that it is to build new affordable housing. ANHD member-groups have built well over 100,000 units of affordable housing in neighborhoods all around the city, and as an organization we have been strong advocates for

the funding streams that allow the construction of new affordable housing, including that planned under the Mayor's New Marketplace plan.

Financing new affordable housing generally requires a significant public investment of one kind or other. On the other hand, existing affordable housing can be preserved at no cost or at a fraction of the cost. The need for affordable housing is so acute and the crisis so severe that we cannot afford to let these resources slip away.

The illegal conversion of residential apartments to temporary hotels is a significant threat to affordable housing, both because it takes what was probably an affordable unit off the market, but also because the problem of illegal hotels has ripple effects, causing more tenants to be evicted because illegally converted units can be so much more profitable than a residential unit.

The details of Intro 534 have already been well covered in this hearing so I will not repeat them. I will observe that the problem of illegal hotel conversions is becoming more widespread, and is spreading out far beyond central Manhattan. In the past year, ANHD has heard reports from our

groups of illegal conversions in all five boroughs, effecting many different neighborhoods and many different populations.

The profit that can be realized from an illegal conversion so far outstrips the fine that the current regulatory structure has been ineffective. Increasing the fines, as is the goal of Intro 534, will have an immediate and positive impact on the illegal conversion problem, making the punishment fit the crime a little more closely. I would also like to point out that increasing fines is not enough; some legal ambiguities in the definition of residential housing must be clarified, and we urge that legislation addressing this issue be quickly drafted and passed.

Thank you.



RICHARD N. GOTTFRIED
75TH ASSEMBLY DISTRICT

CHAIR
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Illegal Hotel Bill Intro. 534

Assembly Member Richard N. Gottfried

Testimony before the New York City Council Housing & Buildings Committee
December 3, 2007

My name is Assembly Member Richard N. Gottfried. I represent the 75th Assembly District in Manhattan, which includes the neighborhoods of Chelsea, Clinton, parts of the Upper West Side, Midtown, and Murray Hill. Thank you to Councilmembers Brewer, Garodnick and Mendez for introducing this bill, and to Councilmember Dilan for holding this hearing.

Illegal hotels are residential apartments that are operated as hotel rooms that are not legally registered or used for hotel use. Illegal hotels take apartments from an already tight housing market, and disrupt the lives of residents.

Elected officials, including me, and tenant advocates have been working on shutting down illegal hotels since 2004, when we began hearing from our constituents that tourists were replacing their neighbors. We have formed the Illegal Hotel Task Force to work with the City to discontinue this practice.

I commend Mayor Bloomberg and the Office of Special Enforcement for giving the illegal hotel problem real priority and devoting increased resources to the effort to stamp out this problem. The stepped-up enforcement effort has made clear the need for stronger legislation.

Intro. 534 is an important step in the fight against illegal hotels. It increases the penalty for an illegal hotel violation, which is now just a minor annoyance compared to the profit a building owner makes from an illegal hotel operation. This bill will help deal with landlords currently operating an illegal hotel, and deter other landlords from converting residential apartments into hotel rooms.

I have worked tenants in buildings whose landlords have been issued a violation for running an illegal hotel. The violation for illegal use was upheld in the Environmental Control Board, and the landlord was fined \$800 dollars. The landlord paid the fine and continued to run the illegal hotel.

I support Intro. 534. In addition, I have drafted state legislation, and also await further legislative proposals from the Mayor's Office, that will close the loopholes in the housing laws that landlords and other illegal hotel operators use to operate in residential buildings. We must protect the city's limited supply of housing and the welfare of tenants, and protect legitimate hotel operators, by ending the abuse of illegal hotels.

Thank you for the opportunity to testify today.

Committee on Housing and Buildings – Int. No. 534
December 3, 2007 Testimony of Marti Weithman

Good afternoon Council Members and staff. My name is Marti Weithman and I am the Interim Project Director for Goddard Riverside Community Center's West Side SRO Law Project. Thank you for holding this hearing regarding Intro 534. I am here today to implore you to pass Intro 534, the bill that will fight landlords' use of residential buildings as illegal hotels.

Operating hotels in residential units is already illegal. However, right now, the existing penalties for landlords who are illegally using their residential buildings for tourist rentals are insufficient. Current fines for operating illegal hotels are a one time fine that landlords can recover in a single day of illegal tourist rentals. Intro 534 will help to deter the illegal operation of hotels in residential buildings with higher fines, which can be incurred per unit and per day. Intro 534 is the essential first step of a two-part process to stop illegal hotels. The second step will be legislation from the Mayor's office that will close the loopholes in defining residential and commercial buildings.

Goddard Riverside's West Side SRO Law Project works with tenants living in single room occupancy units, or SROs, which are one-room residential units with access to a shared bathroom or kitchen. SROs have been a staple of the affordable housing stock for low-income residents throughout New York City for over half a century. Often SROs house the most marginalized residents in the city, including the elderly, disabled and people who would be otherwise homeless.

Illegal hotels have come to plague SROs in over the past five years. Because of their layout, SROs are conducive to being used easily as hostels for tourists. Landlords put bunk beds in SRO rooms and fill them with higher-paying international tourists. To make this profit, landlords merely have to force out the permanent, rent stabilized tenants through systematic harassment.

Landlords operating illegal hotels make life miserable for rent stabilized tenants, eventually forcing them to move out. Our clients report harassment that ranges from threats and physical aggression to repeated frivolous lawsuits. Permanent tenants are systematically singled out for harassment in illegal hotels. Typical harassment includes:

- Locks are changed on doors of permanent residents;
- Landlords throw out permanent residents' mail;
- Landlords refuse to accept rent and then bring lawsuits for non-payment;
- Construction converting rooms for illegal tourist use interrupts permanent residents' lives, while permanent residents can't get repairs, and often the construction is done without the proper permits creating hazardous conditions for the tenants in the building.

Under this constant pressure, permanent rent stabilized SRO tenants are forced out of one of the only remaining sources of affordable housing in the city every day. For every building where landlords can operate an illegal hotel, we can count on affordable units disappearing.

While many SRO buildings have names like "hotel," "hostel," or "inn," it is important to remember that SROs are rent stabilized residential housing units. The use of SROs as illegal hotels only worsens the crisis of affordable housing in this city.

Based on the current laws, landlords have nothing to lose by illegally using their residential buildings as illegal hotels. In fact, landlords are quite open in their use of their residential buildings as illegal hotels by advertising on Internet-based sites such as Orbitz, Expedia, Hotels.com and Yahoo Travel as inexpensive transient accommodations available to tourists. Passing Intro 534 will send the message to landlords that it will no longer be lucrative to illegally rent to tourists.

We implore you to pass Intro 534 to increase the penalties for operating illegal hotels. In conjunction with legislation from the Mayor's office, which will better define commercial and residential use, this bill is essential to preserve affordable housing in New York City and to stop the harassment of tenants living in illegal hotels.

Thank you.



MICAH Z. KELLNER
65th Assembly District

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No More Illegal Hotels: Support Intro. 534
Testimony by Assembly Member Micah Z. Kellner
Before the NYC Council Committee on Housing and Buildings
Monday, December 3, 2007

My name is Micah Z. Kellner and I represent the 65th Assembly District, which includes Yorkville, part of the Upper East Side, and Roosevelt Island. Thank you to Council Speaker Christine C. Quinn and Housing and Buildings Committee Chair Erik Martin Dilan for the opportunity to testify today and to Councilmember Gale Brewer for introducing this important legislation.

I am a member of the Illegal Hotels Working Group, a coalition of elected officials and housing advocates that for over two years have been tracking complaints about illegal hotels throughout the borough of Manhattan. Our Working Group regularly brings together City and State agencies to discuss on-going enforcement efforts and ensure that our collective efforts to solve the illegal hotels crisis are given the tools and resources that are necessary to stop this abuse of our housing stock.

Illegal hotels are a growing problem throughout Manhattan. Every day, more landlords remove critical housing units from our already stretched housing market and convert them into hotel units or corporate apartments for transient visitors instead of New Yorkers who need a place to live. In the Upper East Side, there are nearly fifty residential apartment buildings that should be occupied as rental apartments by my constituents, but instead are being rented to transients. Despite the good work of the Mayor's Office of Special Enforcement (OSE), these illegal hotels persist and spread to more buildings. While it is presently illegal under New York City's Buildings Code for a "j-2" designated dwelling unit to be rented out to transient occupants, the penalties and the fine structure for use contrary to the Certificate of Occupancy is insufficient to deter illegal hotel operators.

While most people understand that illegal hotels are a problem because they remove units from our housing stock, including our affordable housing stock, many people are unaware of the other significant problems they cause. Because most illegal hotels include a mix of long-term tenants and illegally converted hotel units, tenants are forced to live among tourists and business visitors. This creates significant problems in terms of building security, loss of building-wide services to meet the needs of the visitors, noise, and fire safety concerns stemming from illegal alterations. Also, tenants are often harassed into leaving their homes by landlords who want to create more hotel units to make an even bigger profit. Finally, New York City's economy stands to suffer because of the bad reputation illegal hotels create for our tourism industry. In the past two years, dozens of national and international stories have appeared in all news media forms explaining the risks to vacationers of being duped into booking illegal hotels in New York City because travelers have found the hotels and rooms to be in poor condition and not operated at an acceptable standard. Travel guides like *Fodor's*, now warn tourists to be wary of hotel scams in New York City.

Intro. 534 would raise the fines and greatly improve the fine structure, correcting the absence of a disincentive to operating an illegal hotel. I strongly support this common-sense measure.

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The City's Administrative Code provides for what generally amounts to an \$800 fine for use contrary to the Certificate of Occupancy for a residential building. But illegal hotel operators far exceed \$800 in profits in a single night from their operations. Also, the Code only allows ECB to find for one violation for the entire building (regardless of how many units are used), and only for the day the inspector visited and issued the violation.

To use an example of how this will not impact an operator, let's look at WooGo.com. WooGo.com rents furnished apartments as hotel units for between \$294-\$799 per night. It typically operates dozens of units in a building, and advertises on-line with great success, enjoying a high occupancy rate. When a tenant complains, OSE undertakes a difficult investigation with high evidentiary standards, and a violation finally winds through ECB. If the violation is not dismissed it results in a single \$800 fine. If this process repeats itself, the same low fine is issued.

Intro. 534 raises that fine to \$1000 - \$5000 for a first offense, if this does not deter the operator, fines are raised with each additional offense, up to \$10,000 - \$20,000 for a third offense. These fines are in scale with what we believe are typical illegal hotel profits and should compel lawbreakers to reconsider their illegal practices. The bill also allows for each unit being illegally converted to "j-1" use to be fined separately. As well, the Code would be changed to presume that the illegal use remained after the inspector left, until the landlord can demonstrate otherwise.

Also of significance, Intro. 534 classifies illegal alterations from "j-2" or "j-3" to "j-1" use as "hazardous." This is important because these alterations often change the layout of a floor, result in dwelling units without windows or fire escapes, change the number of people occupying a unit or floor, and because they create hotel units in buildings that aren't designed for hotel guests. Hotels have different fire code standards precisely because they are occupied by transients who are unfamiliar with the layout of the building.

These important changes to the Code bring the law in line with the reality of how illegal hotels operate. I believe Intro. 534 will make it easier for tenants making a complaint to 3-1-1, those trying to advocate on a constituent's behalf, and for the City of New York to enforce the law, and ultimately, for us all to see housing returned to our neighborhoods.

Unfortunately, Intro. 534 won't solve all of our illegal hotels problems, and I want to make sure the Council understands that too. Most of the buildings in my district operating as illegal hotels use "30-day minimums" to skirt the law. This is a legal loophole because the Buildings Department has a long practice of interpreting thirty days as the standard by which to judge transient versus permanent occupancy. While it may be obvious to us that someone visiting New York for thirty days is not a permanent resident, according to illegal hotels operators like FurnishedQuarters.com, they have twelve permanent residents a year. Some have suggested creating a "90-day minimum" definition for permanent residential use and not allowing uses of 30-90 days in residentially zoned districts. I support these ideas.

Advertising as "extended stay hotels" or "corporate housing providers," these illegal hotels represent a major problem in my district as well as the rest of Manhattan. While there may be a legitimate place for this industry in New York City, it is not in residential buildings or areas zoned for residential use only. I urge the City Council to pass Intro. 534, but realize that does not solve all the issues, but is rather a good first step. Next, we need the Council to work with the Mayor's Office towards changes in the Buildings Code and the Zoning Resolution to ensure that those that we shut down tomorrow don't simply change their business model and join those operating with the 30-day minimum loophole.

Thank you again for the opportunity to testify today.



THE ASSEMBLY
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LINDA B. ROSENTHAL
Assemblymember 67th District

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**TESTIMONY OF ASSEMBLYMEMBER LINDA B. ROSENTHAL
BEFORE THE NEW YORK CITY COUNCIL
REGARDING INTRO. 534
DECEMBER 3, 2007**

Chairman Dilan, members of the Housing and Buildings Committee, good afternoon and thank you for giving me the opportunity to testify on this important piece of legislation. I am Assemblymember Linda B. Rosenthal, and my district spans the Upper West Side and Clinton neighborhoods.

As you may know, I, along with the other elected officials and housing advocates in the Illegal Hotels Working Group, have been combating illegal hotels for over 2 years. What began as a few calls from constituents to our offices complaining of nearby apartments being used on a short-term basis has ballooned into full-blown takeovers of entire buildings for transient use. Landlords have found that renting to tourists and charging nightly rates of anywhere from \$50 to \$200 has allowed them to rake in far more profit than legally renting to ordinary, permanent residents would. In the relatively short time that we have been working on this issue, we have lost hundreds if not thousands of affordable units, in an already stretched housing market, and the problem is only getting worse.

Illegal hotels create unlivable situations for permanent tenants whose homes have become stomping grounds for an un-ending parade of strangers, coming and going at all hours of the night. These tenants, who often have to share bathrooms and common spaces with the tourists, report a precipitous decline in cleanliness, coupled with infestations of rodents and cockroaches. Tourists who unsuspectingly book rooms in these buildings are often shocked by the poor conditions they encounter—because in an illegal hotel, the landlord is not in the business of providing clean and comfortable hospitality. In many cases, the illegal hotel operation is used to drive out permanent tenants or to make profit while converting the building to a condo or a co-op. The law prohibits short-term stays in residential buildings for a reason: a permanent tenant of 20 years who needs to get to work in the morning just doesn't mix with a tourist who is here for 3 nights to go out on the town and party until the early morning hours.

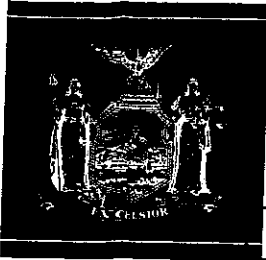
The illegal hotel industry is rampant in my district. Under particular attack are the Single Room Occupancy (SRO) buildings, where landlords have seen an opportunity to make big bucks off of what has historically been a source of stable, regulated affordable housing. In working with the tenants of these buildings, it has become crystal clear to me that the legislation being

considered today, Intro. 534, is absolutely necessary if we are going to win the war on illegal hotels. The fine a landlord receives for breaking the law and renting residential apartments to transients is a laughable \$800, no matter if he or she is renting 2 rooms illegally or 200 hundred rooms. The landlord is also subject to the same low fine with no consideration given to how long the illegal activity goes on for. A one-day infraction is given the same weight as 100 days of illegal use.

At one building in my district, the landlord's illegal use of the building is widely recognized. Tenants in the building have been actively reporting illegal hotel use to the City for years, and in February, I checked into the illegal hotel for just two nights to disprove the landlord's protestations to city and state agencies that he was renting for a minimum of a week at a time. A rally the tenants and the Illegal Hotels Working Group held in front of the building was also widely covered by the press; in short, it was publicly known that the landlord was flagrantly breaking the law. When hauled to the Environmental Control Board, however, the landlord faced a mere slap on the wrist and to this day continues to violate city laws. This landlord, along with all of the illegal hotel operators in the city, made a conscious, economic calculation. Breaking the law and renting to tourists brought in a sizable sum every month, and the fines he incurred for these illegal actions only cost him a fraction of those profits. Intro. 534 rights this lopsided equation by assigning appropriate fines for illegal actions.

This bill is an important first step in our fight against illegal hotels, and I urge the City Council to act on it as quickly as possible. However, even with the passage of this legislation, we still need further action. I have been in discussion with the Mayor's office on legislation that would update zoning and building codes in order to address the growing problem of "extended-stay" hotels, which have cropped up in many residential buildings. We urgently need both of these bills to effectively win back the many residential apartments we have lost to illegal hotels. I also encourage the City to take a comprehensive look at how SROs are operated and how we can ensure that these buildings, after ceasing to be illegal hotels, return to being an affordable source of housing for the many low-income working New Yorkers that desperately need it.

Thank you for the opportunity to testify, and I would be happy to answer any questions you might have.



News from ...

SENATOR THOMAS K. DUANE

29TH SENATORIAL DISTRICT • NEW YORK STATE SENATE

**Testimony of State Senator Thomas K. Duane
Before the New York City Council
Committee on Housing and Buildings
Regarding Introduction 534 – Fines for Illegal Conversions
from Residences to Hotels
Monday, December 3, 2007**

My name is Thomas K. Duane and I represent New York State's 29th Senate District, which includes the Upper West Side, Clinton/Hell's Kitchen, Greenwich Village, and part of the East Side, including the East Village, Stuyvesant Town, Peter Cooper Village and Waterside Plaza. Thank you for the opportunity to present testimony before the New York City Council's Committee on Housing and Buildings today regarding Introduction 534, which relates to the fines for illegal conversions from residences to hotels. I applaud Council Members Gale Brewer, Dan Garodnick and Rosie Mendez for this bill and ask the Committee to support this vital piece of legislation.

The problem of apartments within residential buildings being converted into transient hotel units should not be understated. In the past three years, my district has seen an explosion of such conversions. These "illegal hotels" create hazardous conditions for short-term visitors and permanent residents alike, and undercut the legitimate hotel industry that is such an important part of New York City's economy.

Illegal hotels are dangerous to those who stay in them because residential buildings are not bound by the same strict fire and building codes as are legitimate hotels. Illegal hotel rooms also tend to fall far below standards in terms of security, room quality and amenities. These conditions not only leave visitors vulnerable to harm, but also damage the city's reputation, and therefore harm tourism and the legitimate hotel industry.

Further, as you will no doubt hear from many tenants, advocates, and legislators today, illegal hotels are bad for New Yorkers. Their proliferation greatly exacerbates our already severe lack of affordable housing by taking literally thousands of residential units off the market. Moreover, tenants living in buildings with illegal hotels suffer from the lack of security and excessive noise that result from transient guests coming and going without regard for their neighbors. Tenants in these buildings also commonly face extreme harassment from landlords who have realized that their apartments would be worth much more as illegal hotel rooms than as homes for permanent tenants.

This widespread, illegal practice needs to be attacked accordingly. Mayor Bloomberg, to his great credit, has increased the staff at the Mayor's Office of Special Enforcement ("OSE"), which has the task of investigating and prosecuting operators of illegal hotels. Regrettably, the punitive measures facing landlords who are found guilty of this crime are pitiable. A prime example of this can be found in the case of 160 Bleecker Street, a notorious illegal hotel in my district. In June of 2006, in response to complaints from tenants with whom my office had been working, an inspector from the New York City Department of Buildings issued the landlord a violation for Use Contrary to the Certificate of Occupancy. In September of this year, the case was finally decided by the New York City Environmental Control Board and the owner of the building was found in violation of the law. Unfortunately, the fine levied was a paltry \$800. Considering that these rooms rent out for several hundred dollars a night, and there are at least fifty rooms being used in this fashion, this is a laughable punishment that the landlord could easily write off as a cost of doing business.

Penalties under the law should be sufficient to compel lawful conduct. The current fine structure, under which a building's owner may be assessed a one-time fine of \$800 regardless of how many illegal hotel units he or she operates, quite simply fails to do so. Introduction 534 would rectify this, by allowing penalties to be issued for every unit used illegally, with compounding fines for repeat offenses.

It must be noted, however, that increasing the fines for operating illegal hotels, while crucial, should only be the first step. Loopholes in the law make prosecutions of illegal hotels difficult in certain circumstances. In fact, I very recently held a meeting with tenants living at One Bank Street who are facing imminent eviction due to their landlord's desire to use their apartments as extended-stay hotel rooms. Extended-stay hotels are illegal hotels in which the owner professes to only rent the rooms for stays longer than thirty days. It is my understanding that the Mayor's office is developing a legislative package that will close loopholes regarding extended-stay hotels and allow for easier prosecution of clearly illegal activity. Such legislation is desperately needed for the tenants at One Bank Street and thousands more across the city, and along with Introduction 534 would enable the City to more effectively fight the scourge of illegal hotel operators.

I thank the City Council's Committee on Housing and Buildings for allowing me to submit this testimony and urge you to pass Introduction 534.



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DEBORAH J. GLICK
Assemblymember 68th District
New York County

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**Testimony of Assemblymember Deborah J. Glick
Before the Housing and Buildings Committee
In Support of NYC Council's Intro. 534 to Increase Fines for Illegal Hotels
December 3, 2007**

I am pleased to testify before you today in support of Intro. 534, legislation designed to curb the illegal conversions of residences into hotels. The administrative code concerning illegal conversions must be changed to provide serious consequences for those who attempt to operate illegal hotels in New York City. This widely unchecked practice poses a growing threat to our housing stock and our quality of life.

The majority of New Yorkers live in apartment buildings and their idea of community does not begin with a neighbor down the road, but with a neighbor down the hall. Buildings are more than just bricks and mortar they are active communities that contain established networks where neighbors can turn to one another for assistance and support. This sense of security interwoven in apartment communities has many other benefits. For example, parents feel safe letting their children go trick or treating during Halloween and neighbors keep an eye on each other's apartments. In a place like New York City, where anonymity can go hand in hand with daily existence, the environment of an apartment building can provide a much needed respite.

Not surprisingly, a building's community is not etched in stone. The ebb and flow of New York creates a natural rhythm. Some neighbors move out and others take their place. Unfortunately, this rhythm is not immune to change. As New York City has grown in stature the city has welcomed a record number of visitors enticing residential building owners to increase profits by offering apartments for short term rent. Not only does this practice shortchange the many hotels that do operate legally, it disturbs residents in buildings who see their community torn apart by luggage-toting strangers.

Until now, this situation has occurred largely below-the-radar. While a limited number of owners have been punished, in most cases this punishment has amounted to no more than a slap on the wrist. Intro. 534 will strengthen the existing code by dramatically increasing fines for rogue owners who flout the law. Hopefully, these increased fines will help decrease owners' anticipated profits from illegally converting residential units to hotel units, thereby dissuading them from this practice.

While Intro. 534 is important in curbing this difficult problem, it is only a first step toward solving it. New York City must also change its zoning text to codify the definition of a resident. Currently, someone is considered a New York City resident if they live in a residence for 30 days. As a result, some owners argue that extended-stay hotels located within residential buildings, are actually complying with the letter of the law.

This definition needs to change. A New York City resident should be someone who actually lives in the city for at least 90 days. We need a second piece of legislation, to codify that distinction and guarantee that extended-stay hotels do not decrease the supply of apartments to true New York City residents. I urge the Mayor to put forth such legislation immediately and urge the City Council to approve it.

As elected officials, we cannot sit back and let the pursuit of profits rip a hole through the fabric of our communities. There have been increased pressures on the housing market resulting in dramatic increases in harassment complaints of various kinds. The greedy and unscrupulous are victimizing our constituents and destabilizing our neighborhoods. Although we should welcome visitors with open arms they must not be allowed to displace our residents from their homes. Approving Intro. 534 is an important first step of ending this insidious practice and I urge the City Council to approve this measure.



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Testimony of John Raskin before the New York City Council on behalf of Housing Conservation Coordinators in favor of Intro 534: December 3rd, 2007.

Thank you for allowing me the opportunity to address you today. My name is John Raskin, and I am the Director of Organizing at Housing Conservation Coordinators, Inc. (HCC), a not-for-profit organization based in Hell's Kitchen/Clinton that seeks to preserve and defend safe, decent and affordable housing.

The services that we provide include legal representation in Housing Court, organizing tenants to improve living conditions, installing energy efficient systems through our Weatherization Program, teaching training courses, and organizing around broader issues like this one that affect the entire community.

I am here today to support Councilmember Brewer's proposed legislation, Intro 534, which imposes stricter penalties against building owners and business operators who illegally rent residential units as hotel rooms for short-term visitors.

In our neighborhood, on the West Side of Manhattan, illegal hotels in residential buildings have been one of the most common recurrent complaints that we have heard in recent years; as the City's response has remained ineffective, the number of buildings that are being used this way and the proportion of apartments in those buildings have both grown.

Illegal hotels present a clear challenge to the tenants who remain in their buildings, of course—they rightly complain about poor security, increased noise and decreased building services in buildings that are also taking in short-term guests—but some of the greatest victims of the illegal hotel scam are those who are unable to represent themselves here today, because they have been evicted or harassed out of their apartments in order to make room for a more profitable hotel.

There are two kinds of hotel that have begun operating in residential building: nightly hotels and extended-stay hotels. The former are traditional overnight stays directed at weekend visitors or other very-short-term guests; the latter, which call themselves "corporate housing," cater to business visitors or other out-of-towners staying in New York for a slightly longer time.

This bill, Intro 534, will be helpful in the fight against the first kind of illegal hotel: overnight rentals in residential buildings. It will bring the fine structure for illegal hotel rental into line with the real profits that building owners are making, so that the legal disincentive is more closely aligned with the reality that some owners are making tens of thousands of dollars each night off of these tourist rentals. This new law will help prevent some of the ineffectual law

enforcement we've seen in cases like the Imperial Court, on West 79th Street, and the Atrium on Bleecker Street, in which illegal hotel use has been found by an administrative court but the fines were so low that it has not begun to deter the behavior of the landlord.

Intro 534 is a valuable first step, but this bill alone will not do the entire task. In order to truly reclaim residential buildings for New Yorkers who are living, working and paying their taxes in New York City, we need to strengthen the definitions of residential use, so that building owners cannot argue that their "30-day loophole," in which they advertise extended-stay hotels for minimum rentals of 30 days, keeps them within the bounds of the law.

In fact, residential buildings—including traditional apartment buildings and Single Room Occupancy buildings that often serve low-income New Yorkers—are meant to house real permanent occupants of our city. In the midst of a housing crisis, as we engage in other expensive strategies to preserve, maintain and build new places for New Yorkers to live, we should take an aggressive approach to preserving these buildings that are being rapidly taken out of our housing stock and turned into commercial enterprises serving out-of-town visitors.

We appreciate the action the Council has taken in considering and, we hope, passing Intro 534. It will undoubtedly be a valuable step in the overall effort to shut down illegal hotels and reclaim those buildings as residences for New Yorkers. And we also look forward to working with the Council, as well as the Administration, to sculpt, introduce and pass the other necessary part of a legislative strategy against illegal hotels. Thank you for allowing me to testify here today, and thank you for the work you are doing to protect New Yorkers from illegal hotels operating in their buildings.



Information about Intro 534, a bill to fight illegal hotels

Produced by:

Housing Conservation Coordinators thanks the New York City Council for considering this important bill. Members, staff or press with questions should feel free to contact John Raskin at HCC at 212-716-1665 or Yarrow Willman-Cole at the West Side SRO Law Project at 212-799-9638.

HCC looks forward to working with the Council, the Administration and the members of the Illegal Hotels Working Group to pass Intro 534 and the follow-up bill that will together form a legislative solution to the illegal hotels problem.

Special credit should go to the **West Side SRO Law Project** and the **West Side Neighborhood Alliance**, for leading this fight with us at the community level, and to the elected officials and housing advocates that have dedicated their time and energy to fighting the growing problem of illegal hotels:

Borough President Scott Stringer
 Congress Member Jerrold Nadler
 State Senator Martin Connor
 State Senator Tom Duane
 State Senator Liz Krueger
 State Senator Eric Schneiderman
 Assembly Member Jonathan Bing
 Assembly Member Deborah Glick
 Assembly Member Dick Gottfried
 Assembly Member Micah Kellner

Assem. Member Linda Rosenthal
 Council Speaker Christine Quinn
 Council Member Gale Brewer
 Council Member Dan Garodnick
 Council Member Robert Jackson
 Council Member Jessica Lappin
 Council Member Rosie Mendez
 The Association for Neighborhood
 and Housing Development (ANHD)
 Met Council on Housing



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For the New York City Council
 Housing and Buildings Committee—December 3, 2007

Illegal Hotels: a growing problem

- The coalition of community groups and elected officials working on illegal hotels is tracking **more than 200 buildings**, which together contain **thousands of apartments around New York City**, in which building owners are engaging in short-term rentals of residential apartments.
- These illegal hotels, which often co-exist in buildings with real long-term tenants, interfere with the existing tenants' ability to live peacefully in their homes. Tenants point out that the hotels **threaten building security**, bring in noisy short-term guests, and often cause a **decrease in building services** because they strain the building's infrastructure.
- The hotels also cause **evictions of existing tenants**. The short-term rentals are often more profitable than renting to real long-term tenants, so rent-regulated tenants are harassed out of their apartments and market-rate tenants are simply asked to leave after the term of their current lease.
- Illegal hotels **harm New York's tourism industry**. Word of mouth has spread nationally and internationally—through news broadcasts and travel sites like fodors.com and tripadvisor.com—that some New York hotels are not legitimate operators and tourists should beware. The Council must act to protect legitimate hotels from problems caused by under-the-radar operators.
- Conversions of apartment buildings and Single Room Occupancy residences into hotels **undermine the City's tax base and neighborhood economies**. Real residents pay income and other taxes to the City and State and shop at neighborhood stores.
- Some hotels are attempting to use a so-called legal loophole and rent apartments in residential buildings to short-term visitors by advertising "30-day leases," even if the period of stay is much shorter. These **extended-stay hotels**, often called "corporate housing," are operating **unregulated in residential buildings** spread throughout Manhattan. They do not meet hotel standards for fire safety and often replace tenants in residential buildings.

Intro 534 is a valuable first step

- **One impediment to enforcement is the penalty structure**, which does not match the new and growing problem of illegal hotel conversions. Fines are currently minimal and are assessed per building—causing a landlord who has been making tens of thousands of dollars each night off an illegal hotel to receive a one-time fine of just \$800.
- As it stands currently, a landlord could operate an illegal hotel, be prosecuted continuously by the City and found guilty every time, and **still make a handsome profit on the business!**
- Intro 534 would raise fines on illegal hotels and would clarify that fines should be assessed **per day and per residential unit** that is being misused. The fines would grow after repeat offenses. This bill will provide the necessary financial disincentive for building owners to operate illegal hotels.

After Intro 534, further action is needed

- A supplementary bill is needed to address the so-called legal loophole that extended-stay hotel providers ("corporate housing" providers) are using to operate unregulated in residential buildings. Some companies claim that guests who rent for terms of 30 days should be considered permanent residents, so that a single apartment could have a dozen permanent residents in one year!
- Zoning codes and building codes must be updated to reflect this new use group and guarantee that extended-stay hotels do not take apartments from existing tenants and that they obey hotel standards for fire safety.
- The Administration office has met repeatedly with housing advocates, tenants and City, State and Federal elected officials to discuss legislation that would close this loophole, but the Mayor has not yet produced a bill for consideration by the Council. The Administration must finalize its bill and the Council must consider it as quickly as possible.